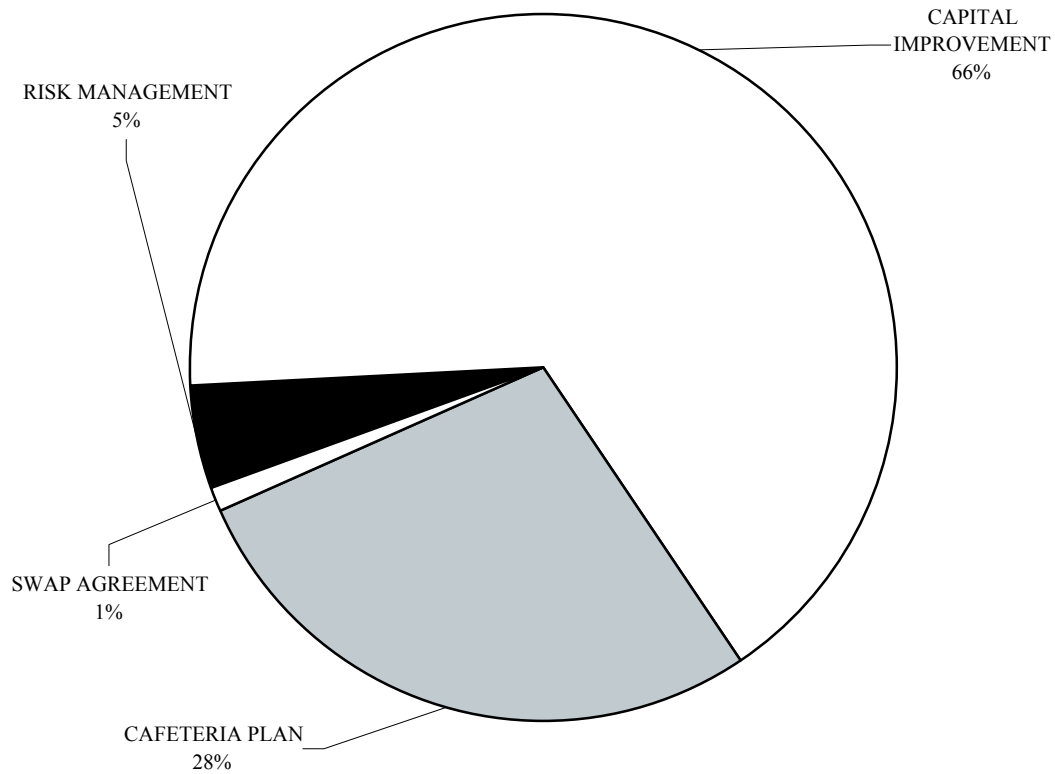


## Other General Funds Approved Budget



Fund	2004-2005 Actual Expenditures	2005-2006 Original Budget	2005-2006 12 Month Estimate	2006-2007 Department Requested	2006-2007 Commissioner Approved
RISK MANAGEMENT	\$ 1,717,925	\$ 2,082,576	\$ 1,656,015	\$ 2,418,803	\$2,277,757
CAPITAL IMPROVEMENT	\$ 34,705,508	\$ 39,108,597	\$ 37,718,304	\$ 38,945,606	\$31,508,491
CAFETERIA PLAN	\$ 11,145,655	\$ 12,460,003	\$ 12,949,030	\$ 13,281,896	\$13,250,808
SWAP AGREEMENT	\$ 163,534				\$470,876
<b>Overall Result</b>	<b>\$ 47,732,622</b>	<b>\$ 53,651,176</b>	<b>\$ 52,323,349</b>	<b>\$ 54,646,305</b>	<b>\$47,507,932</b>

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# RISK MANAGEMENT

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## PROGRAM DESCRIPTION

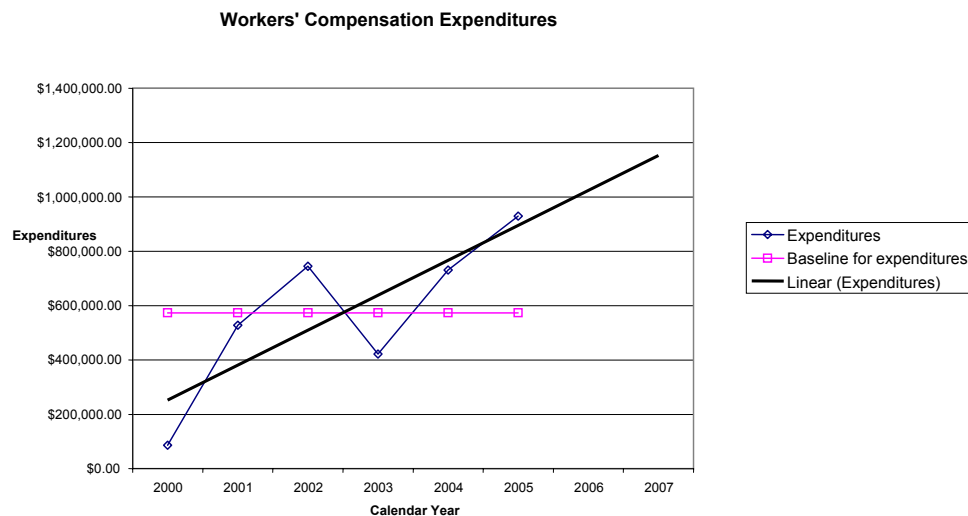
The risk management function is to assist in protecting the employees, resources, operations, and activities of Durham County from damage and/or loss for the least possible cost while still ensuring and maintaining the best interests of its employees and its citizens. This process is a coordinated and ongoing effort to identify, analyze, and control the risk of accidental loss in which the County is exposed, arrange appropriate funding mechanisms for covered losses, and to ensure that the financial integrity of the County is not impaired should significant loss occur.

The safety component provides for development, organization, coordination, and implementation of safety programs and safety education and includes work-site inspections, hazard reduction and/or elimination and accident/injury investigation, reporting and management.

## 2006-07 PERFORMANCE MEASURES

### Performance Measure: Workers' Compensation Expenditures

#### 1) Performance Measure: Workers' Compensation Expenditures



#### Story Behind the Last Two Years of Performance

- Increase in disability ratings
- Medical cost increase
- Increase in surgeries
- Higher level positions had serious injuries (ex. Nurses, Sr. Paramedics)
- Payment for out of work time increased due to higher paying position claimants

#### Strategies to Improve Program Performance

- Write a grant to ask for monies to contract with a company to give classes to EEs on slips, trips and falls, and other safety related classes.

# Risk Management

Fund: Risk Management

Functional Area: General Government

Business Area: 4220

Summary	2004-2005 Actual Expenditures	2005-2006 Original Budget	2005-2006 12 Month Estimate	2006-2007 Department Requested	2006-2007 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$131,998	\$135,970	\$131,727	\$142,461	\$146,415
Operating	\$1,585,927	\$1,946,606	\$1,524,288	\$2,276,342	\$2,131,342
<b>Total Expenditures</b>	<b>\$1,717,925</b>	<b>\$2,082,576</b>	<b>\$1,656,015</b>	<b>\$2,418,803</b>	<b>\$2,277,757</b>
▽ <i>Revenues</i>					
Investment Income	\$73,238	\$0	\$0	\$1,066	\$571
Service Charges	\$1,928,677	\$2,082,576	\$2,091,691	\$2,417,889	\$2,277,186
Other Revenues	\$0	\$0	\$5,535	\$0	\$0
Other Fin. Sources	\$24,901	\$0	\$75,099	\$0	\$0
<b>Total Revenues</b>	<b>\$2,026,817</b>	<b>\$2,082,576</b>	<b>\$2,172,325</b>	<b>\$2,418,955</b>	<b>\$2,277,757</b>
<b>Net Expenditures</b>	<b>(\$308,892)</b>	<b>\$0</b>	<b>(\$516,310)</b>	<b>(\$152)</b>	<b>\$0</b>
FTEs	2.00	2.00	2.00	2.00	2.00

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# SWAP FUND

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## PROGRAM DESCRIPTION

On July 30, 2004, the County entered into a floating or basis swap on \$125,810,000 of its outstanding fixed-rate Bonds. The notional amount of the swap agreement is equal to the par value of selected bonds. The Swap Agreements provides for the County to make payments to the counterparty based on the taxable-equivalent Bond Market Association (BMA) index and for the Counterparty to make reciprocal payments based on a floating rate priced at six-month LIBOR plus a net amount of .952%. The agreement matures March 1, 2023. The balance in this fund is the reflection of the above mentioned agreement which calls for net payments to be made on March 15 and September 15 of each year. Payments are accrued on a monthly basis and paid every six months.

The Board of County Commissioners has established a policy that requires that 50% of the savings be placed in a restricted account and the balance available to support unrestricted needs. The total funds received in the fund to date are \$867,752. Of these funds \$433,876 is restricted, \$163,000 has been budgeted in prior years and the balance \$270,876 is available to be budgeted. The County will get two payments in FY2007, August 2006 and March 2007. Having accrued \$181,000 for the first two months (that will be paid in August), a conservative estimate is that the County will receive at least \$200,000 during FY 2006-07. Of the total already received (\$867,752X.5-\$163,000=\$270,876), plus another \$200,000 available in FY 06-07, brings the total budgeted amount for FY 2006-07 to \$470,876

These budgeted funds will be transferred to the Debt Service Fund to support debt service payments on the loans that earned this revenue.

# SWAP Fund

Fund: SWAP

Summary	2004-2005 Actual Expenditures	2005-2006 Original Budget	2005-2006 12 Month Estimate	2006-2007 Department Requested	2006-2007 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$163,534	\$0	\$0	\$0	\$470,876
<b>Total Expenditures</b>	<b>\$163,534</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$470,876</b>
▽ <i>Revenues</i>					
Investment Income	\$2,389	\$0	\$3,973	\$0	\$0
Other Revenues	\$327,069	\$0	\$541,363	\$0	\$470,876
<b>Total Revenues</b>	<b>\$329,458</b>	<b>\$0</b>	<b>\$545,336</b>	<b>\$0</b>	<b>\$470,876</b>
<i>Net Expenditures</i>	<i>(\$165,924)</i>	<i>\$0</i>	<i>(\$545,336)</i>	<i>\$0</i>	<i>\$0</i>
FTEs	0.00	0.00	0.00	0.00	0.00

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# CAPITAL FINANCING

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## PROGRAM DESCRIPTION

Concurrent with the 1986 bond referendum described in the debt service cost center, the Durham County Board of Commissioners established a capital financing plan for the purpose of funding all major capital projects taken by the County. Revenues dedicated to the capital financing plan by the Board of Commissioners are listed below with estimates for the upcoming fiscal year. In addition to debt service on general obligation bonds these monies will be spent to retire debt associated with certificates of participation, as well as to fund pay-as-you-go (County contribution) projects. Effective July 1, 1990, up to twenty (20%) percent of the fund's proceeds (computation limited to the first five cents of property taxes) could be dedicated to financing capital projects funded on a pay-as-you-go basis. The percentage dedicated to pay-as-you-go is 9.67% for FY 2006-2007, in an effort to fund capital facility improvements. The long-range capital financing plan and related policies are below.

Dedicated Revenue	2006-2007
Property Taxes (5.54 cents)	\$11,896,364
½ Cents Sales Taxes	\$15,097,747
Hotel Occupancy Taxes	\$2,236,425
Interest Earnings	\$30,000
Misc. Rev. (American Tobacco)	\$415,555
Fund Balance	<u>1,832,400</u>
<b>Total Resources</b>	<b>\$31,508,491</b>

Proposed Expenditures	2006-2007
Transfer to Debt Service	\$30,470,048
County Contribution*	\$1,038,443
<b>Total Expenditures</b>	<b>\$31,508,491</b>

*\*Projects funded with County Contribution*

HeadStart Relocation/YMCA:	\$ 181,250
EMS Station #5	\$ 20,000
Sheriff Detention Center Annex:	\$ 67,193
Sheriff – Finger Printing:	\$ 30,000
DTCC – Newton Building Exp.	\$ 320,000
DTCC – Northern Durham Exp.	\$ 420,000

For FY 2006-2007, the portion of the countywide tax rate dedicated to the Capital Financing Plan is 5.54 cents, down 3.92 cents from 9.46 cents in FY 2005-06. This decrease is due to additional revenues related to

1. State Lottery proceeds (\$4.6 million) allotted for use in paying off current school debt,
2. Public School Building Fund proceeds (\$2.37 million) allotted for use in paying off current school debt,
3. SWAP funds earned and transferred to the Debt Service Fund,
4. Planned debt issuance for certain projects either being delayed or cancelled as project needs were altered.

It is important to note that the Capital Financing Plan is a subset of the General Fund and provides a mechanism of transfer to the Debt Service Fund. A graphical representation of the Capital Financing Plan is included in this section. For more information on bonded capital projects, debt service, debt limits, and principal and interest payments, refer to the Debt Service tab of this book.

# Capital Financing Plan

Fund: Capital Financing Plan

Summary	2004-2005 Actual Expenditures	2005-2006 Original Budget	2005-2006 12 Month Estimate	2006-2007 Department Requested	2006-2007 Commissioner Approved
▽ <i>Expenditures</i>					
Transfers	\$34,705,508	\$39,108,597	\$37,718,304	\$38,945,606	\$31,508,491
<b>Total Expenditures</b>	<b>\$34,705,508</b>	<b>\$39,108,597</b>	<b>\$37,718,304</b>	<b>\$38,945,606</b>	<b>\$31,508,491</b>
▽ <i>Revenues</i>					
Taxes	\$34,370,428	\$36,045,450	\$36,937,179	\$37,385,051	\$29,230,536
Investment Income	\$31,440	\$49,904	\$2,506	\$30,000	\$30,000
Rental Income	\$426,972	\$60,000	\$423,243	\$415,555	\$415,555
Other Revenues	\$10,940	\$363,243	\$1,568	\$0	\$0
Other Fin. Sources	\$0	\$2,590,000	\$757,600	\$1,115,000	\$1,832,400
<b>Total Revenues</b>	<b>\$34,839,781</b>	<b>\$39,108,597</b>	<b>\$38,122,096</b>	<b>\$38,945,606</b>	<b>\$31,508,491</b>
<b>Net Expenditures</b>	<b>(\$134,273)</b>	<b>\$0</b>	<b>(\$403,792)</b>	<b>\$0</b>	<b>\$0</b>
FTEs	0.00	0.00	0.00	0.00	0.00

## **DURHAM COUNTY POLICY ON FINANCING CAPITAL PROJECTS**

Durham County recognizes the goal of the capital financing policy is to provide for the adequate funding of the county's capital program while avoiding erratic increases and decreases in the county's property tax rate. Thus, a capital financing plan for the payment of debt related to projects financed by long-term borrowing shall be updated annually.

The county currently dedicates the following revenues to the payment of debt and pay-as-you-go (County contribution) capital projects:

- Article 40 and Article 42 one-half cent sales taxes;
- The county's share of the occupancy tax;
- State Lottery proceeds;
- Countywide property taxes;
- Enterprise revenues.

The county reserves up to twenty percent (20%) of these annually dedicated revenues for pay-as-you-go projects. In addition, the pay-as-you-go policy restricts dedicated property tax revenue to 20% of a maximum of five cents (or 1 cent) in countywide property taxes. The portion of annual revenues reserved for pay-as-you-go is increased to 9.67% for the FY 2006-07 recommended budget.

Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

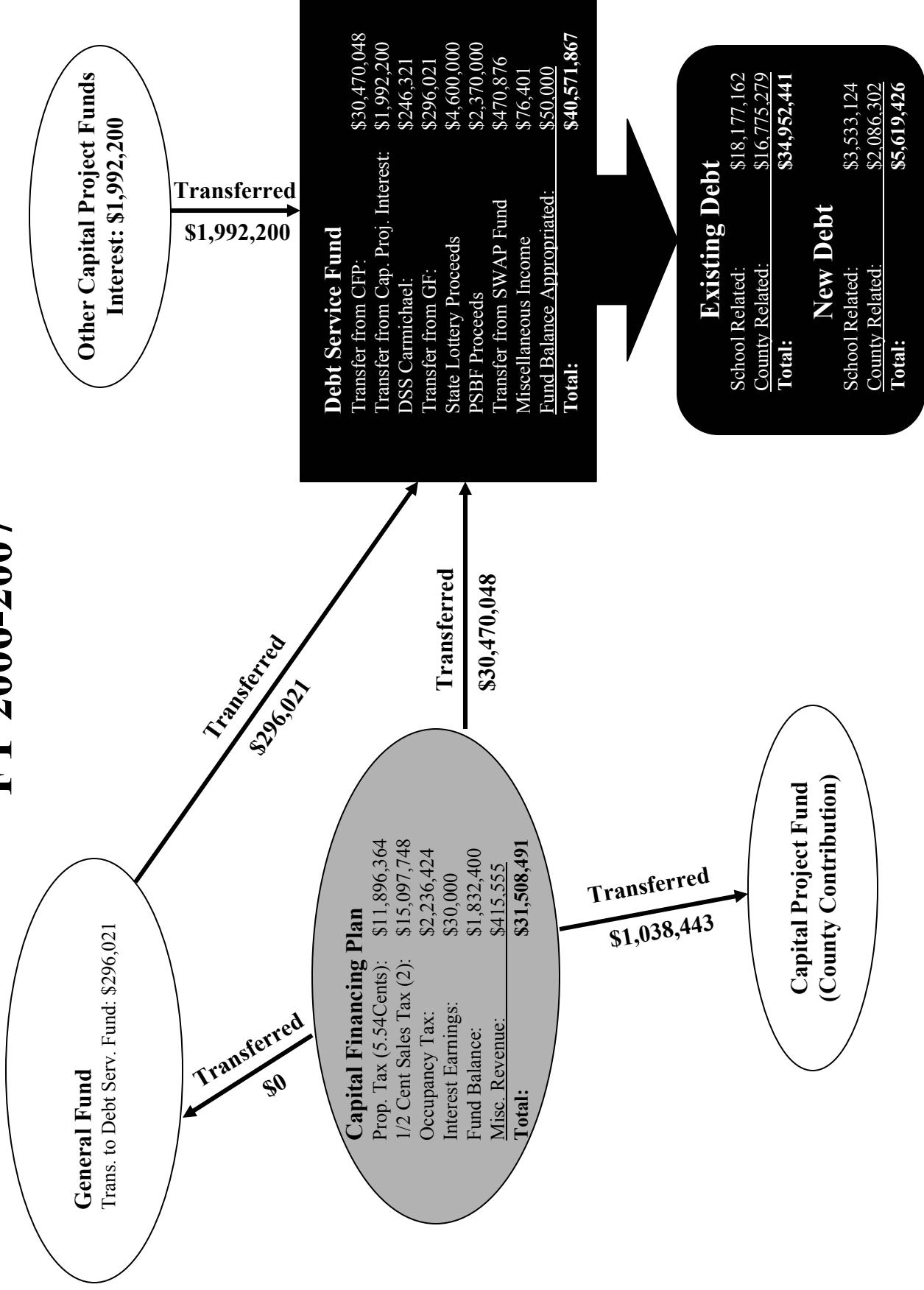
Excess funds, if available, within the debt service fund may be used to provide advance funding for capital projects pending bond sale or loans to the equipment-leasing fund. Such advances or loans would be repaid with interest based on the monthly yield of the North Carolina Cash Management Trust short-term investment fund.

This policy applies to the governing board and administration of the county and may be revised from time to time by the governing board, as it deems appropriate to meet the changing needs of the county for capital financing.



# Capital Improvement Plan Debt Funding

FY 2006-2007



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# CAFETERIA PLAN

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## PROGRAM DESCRIPTION

This fund, established in FY 1995-96, represents the budget for operating the “cafeteria” employee benefits plan. Previously, cafeteria plan activities had been recorded in the General Fund making it difficult to isolate costs and effectively manage the plan. All revenues and expenditures will be recorded in this fund. This includes:

- Departmental charges
- Employee contributions
- County contributions
- Expenditures (claim and premium payments to various vendors)
- Administrative costs charged by vendors
- Retiree benefits

The result of operations will be captured in the end of year fund balance.

Each benefit option within the cafeteria plan will be budgeted and tracked separately through a fund center code. Such information will allow for an analysis of options and competitive pricing where appropriate.

For fiscal year 2006-2007 the appropriations include an estimated \$9.06 million in employer contributions for benefits; \$2.83 million in employee contributions for benefits; retiree insurance at \$1.11 million; hospital gap coverage costs at an estimated \$200,000 and \$50,000 in administrative costs.

# Cafeteria Plan

Fund: Cafeteria Plan    Functional Area: General Government    Business Area: 4240

Summary	2004-2005 Actual Expenditures	2005-2006 Original Budget	2005-2006 12 Month Estimate	2006-2007 Department Requested	2006-2007 Commissioner Approved
▽ <i>Expenditures</i>					
Personnel	\$0	\$0	\$291,699	\$0	\$0
Operating	\$11,145,655	\$12,460,003	\$12,657,331	\$13,281,896	\$13,250,808
<b>Total Expenditures</b>	<b>\$11,145,655</b>	<b>\$12,460,003</b>	<b>\$12,949,030</b>	<b>\$13,281,896</b>	<b>\$13,250,808</b>
▽ <i>Revenues</i>					
Investment Income	(\$12,459)	\$0	\$0	\$0	\$0
Other Revenues	\$10,294,997	\$11,282,003	\$11,282,088	\$11,934,175	\$11,934,175
Other Fin. Sources	\$1,103,100	\$1,178,000	\$1,178,000	\$1,347,721	\$1,316,633
<b>Total Revenues</b>	<b>\$11,385,638</b>	<b>\$12,460,003</b>	<b>\$12,460,088</b>	<b>\$13,281,896</b>	<b>\$13,250,808</b>
<b>Net Expenditures</b>	<b>(\$239,983)</b>	<b>\$0</b>	<b>\$488,942</b>	<b>\$0</b>	<b>\$0</b>
FTEs	0.00	0.00	0.00	0.00	0.00

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